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23 April 1952

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MEMORANDUM FOR: Director of Central Intelligence

FROM: Deputy Director (Plans)

SUBJECT: PSB Panel on Psychological Aspects of East-West Trade

1. Attached hereto is a memorandum which we received at noon today from Mr. Tracy Barnes and it requests your comments and advice on the subject matter at the PSB luncheon meeting tomorrow (24 April).

2. Apart from the fact that this question is raised on very short notice, I consider the subject matter to be fully deserving of a review and discussion by the members of the PSB. It appears that the PSB has addressed itself to an important cold war problem and that it did so in a timely manner. The fact that it has failed so far in its attempt to produce the desired result in the form of a coordinated paper providing policy guidance does not appear to have been the fault of the PSB or the PSB staff; rather it is because of a wide divergence of views and opinions on the part of the members of the panel which was convened for the purpose of studying means of making ineffectual Soviet propaganda on East-West trade and attempting to nullify in advance actions which might emerge from the Moscow Economic Conference. Thus the PSB staff has reached an impasse and has real need of the advice and assistance of the members of the Board.

3. One of the questions raised is whether the panel which was convened for the purpose of studying this matter should be continued in existence for the purpose of following and studying the impact of Soviet strategy in the trade field and making an inventory of all possible countermeasures. Even though the timing has been partially missed (the Moscow Economic Conference has come and gone and the Soviet propaganda lines are already set), it is my strong recommendation that the panel be continued in being for the purposes stated and that it be urged by the PSB members to get on with the job as a matter of priority. We can take it for granted that one of the principal themes of Soviet propaganda, as well as one of their principal cold war maneuvers during the balance of this year at least, will be to squeeze all possible advantages out of the Moscow Economic Conference and the atmosphere which this Conference has set. Lacking any definitive lines of counter-propaganda and countermaneuver, our side can be expected to sustain loss after loss. For these reasons, as well as the fact that this is conspicuously the kind of job which PSB can and should do, I recommend that you take a positive position when the question is raised.

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